Initial Public Offerings

†1061. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAM JETHMALANI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a huge amount of money has been collected through Initial Public Offerings in Indian share market from several companies from 2004 to the end of 2008;

(b) if so, the amount collected from the market through the above said medium in each year of the above period;

(c) whether keeping in view the apprehension of misuse of this money, Government and the agency with responsibility of regulating the market have taken certain steps; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Securities and Exchange Board of India (SEBI) has informed that a total amount of Rs. 97,843 crores was raised by 284 companies through initial public offers from financial year 2004-05 to December, 2008.

Year-wise details of amount mobilized through IPOs are as under

Financial Year	No. of IPOs	Amount mobilized
2004-05	23	13,749
2005-06	79	10,936
2006-07	77	28,504
2007-08	85	42,595
2008-09 (Till December, 2008)	20	2,059
Total	284	97,843

(c) and (d) Provisions in the Companies Act 1956 and SEBI (Disclosures and Investor Protection) Guidelines prevent misuse of money raised through IPOs. Among others, Section 73 of the Companies Act 1956 requires money raised in the IPO to be kept in separate bank account with a schedule bank. Further schedule II of Companies Act as well as SEBI DIP Guidelines *inter-alia* require the issuer to disclose details of utilized as well as unutilized money raised from the issue, in its audited balance sheet on an annual basis. As per clause 43 of the Listing Agreement, the company is required to prepare a Statement utilization of money raise through a public/rights issue etc. on quarterly basis and the some is placed before Audit committee for review and to make appropriate recommendations to the Board of the issuer company.

†Original notice of the question was received in Hindi.